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MEMORANDUM FOR: Deputy Director of Personnel for Special Projects

Deputy Director of Personnel for Policy, Analysis, and Evaluations

FROM: [redacted] STAT

Liaison Division
Office of Legislative Liaison

SUBJECT: Meeting with the Staff Director, House Post Office and Civil Service Committee

SUMMARY: I met with Mr. Tom DeYulia, Staff Director of the House Post Office and Civil Service Committee on 14 February 1984. The principal subject of discussion was supplemental retirement, in its many dimensions. The House will approach this issue in nearly the same manner as the Senate , except that it remains several months behind the Senate effort. The one major difference appears to be the internal dynamics of the two committees. In the Senate, Senator Stevens (R,AK) is dealing with the issue at the subcommittee level, thereby assuring that he has complete freedom of action and much shorter and more efficient lines of communication. The House, on the other hand, is going to deal with this issue at the full committee level, which will involve a manifold increase in early member participation and the same manifold increase in staff involvement. The result will be a slower process. How this will effect the final product is something that I am not smart enough to sort out at this point.

1. Mr. DeYulia advised that the Committee has now fixed the dates for initial hearings on supplemental retirement. They are, in addition to the 23 February 1984 hearing that we already knew about,: March 1, 6, 13, and 15. As presently planned, the hearings will cover the following subject matter:

23 February 1984 - Hay Associates, Inc will provide a general purpose briefing that, most importantly, lays out the major policy options for this issue;

1 March 1984 - The Director, Office of Personnel Management has been asked to provide the Committee with at least the major supplemental retirement policy decisions made by the Administration. Mr. Devine has also been asked to provide the Committee with whatever other relevant detail he has available;

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6 March 1984 - The Postmaster General and the postal unions will provide their respective positions, requirements, and the like for the Committee;

13 March 1984 - Federal employee associations such as the Federal Management Association (FMA), the the Senior Executive Association, and several federal employee union associations will present their supplemental retirement viewpoints; and

15 March 1984 - viewpoints from the private sector will be presented, from such diverse groups as the investment, insurance, actuarial, and consulting communities.

2. From these hearings and the substantial staff work that will have been done by Hay Assoc and committee staff, the Committee staff will analyze and evaluate a broad range of supplemental retirement design alternatives, and will have, by the August or September 1984 timeframe, identified the three or four most attractive alternatives. Having chosen these, they will then perform a detailed tradeoff study to determine which federal employees are affected by each policy alternative, both in a positive and in a negative fashion. For example, if full portability is implemented, what other feature can be eliminated to even out the cost of full portability, such as perhaps the elimination of early retirements. Mr. DeYulia felt strongly that some significant social changes could come from the supplemental legislation ultimately enacted, and the Committee will therefore be very careful to ensure that the House Members fully understand the impact that each of the system's features will have on each segment of the federal workforce. Mr. DeYulia sees a three-tiered federal retirement system emerging from this effort. The three tiers he foresees are 1) a social security floor, 2) a defined benefits supplemental plan, and 3) some kind of a thrift or 401k plan.

3. Mr. DeYulia encouraged the Agency to testify at one of the hearings for the purpose of getting any unique retirement requirements "...that the CIA must have..." on the record. I responded that it was too early in our internal process to know with any certainty what those requirements would be but that we appreciated the offer. He indicated that several federal agencies, such as NASA and various of the law enforcement agencies, had unique retirement needs that would require some kind of specific attention, and thought that the Agency might fall into that category. I again indicated that I thought it was yet too early for us and he seemed to accept it at face value.

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4. Mr. DeYulia went on to provide several other pieces of related information:

- While the Committee staff will be fully prepared to present supplemental retirement design alternatives to its Members in early 1985, the full Committee itself will not be ready to deal with the issue until at least the spring of 1985, this due to the fact the membership may change as a result of the elections. It will take the staff several months to get any new members up to speed on the issues, and thus the early spring estimate;

- The committee staff has absolutely no sense of where the OPM is in evaluating design alternatives or in deciding upon same, and hopes that Mr. Devine's testimony on 1 March 1984 will shed some considerable light on the OPM positions;

- The Committee will try to frame the supplemental retirement debate in the House within the context of total compensation. While Mr. DeYulia is not optimistic that this will totally accomplish the intent of securing more attractive retirement benefits for federal employees, he nonetheless feels that some improvement, over doing nothing, may result;

- He believes that the longstanding OPM/President's budget intiatives (e.g., high three to high five, retirement age 55 to age 65, cap on retiree COLAs, etc) will be debated in the context of supplemental retirement. It is very likely that the Administration will attempt to apply whatever decisions come out of this debate to federal employees not otherwise subject to social security or supplemental retirement. He thinks that the House will be able to block such an attempt;

- He believes that the supplemental retirement bill eventually introduced in the House will be a pro-federal employee bill, whereas the bill eventually introduced in the the Senate by Senator Stevens will be pro-Administration, and by definition an anti-federal employee bill; and

- He feels that the issue of disability in the post-Civil Service Retirement System era will be dealt with in the supplemental retirement legislation that is enacted. His feeling is that the Social Security disability system is a pretty good one, so keep it.

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5. My sense of the House effort on supplemental retirement is that it isn't terribly different from that taking place in the Senate. Other than some internal differences such as a smaller working group in the Senate and a small head start there, my gut feel is that the bills that are introduced in the two houses will be very similar. Both efforts are worth following closely and we will do so.

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